AN ANALYTICAL STUDY OF THE PROBLEMS AND PROSPECTS OF SMALL SCALE INDUSTRIES IN BIDAR DISTRICT

A

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I. Introduction

Small-scale industries (SSIs) play a vital role in the economic development of a nation. Nations firmly believe that, the rapid industrialization is possible only through a successful policy relating to small-scale industries. A leading, industrially advanced developing country, India has large, medium and small industrial units of production in almost all branches of the industry. Since the time of the independence in 1947, a significant feature of the Indian economy has been the rapid growth of the small industry sector.

The small industry sector is considered to have a major role in the Indian economy due to its 40 percent share in the national industrial output along with an 80 percent share in industrial employment and nearly 35 percent share in exports. The reasons are that, they provide large scale employment. They have comparatively higher employment potential per unit of capital employed and they need only shorter gestation periods in comparison with large industries. They also facilitate effective mobilization of resources and capital and skill, which might otherwise remain unutilized and exploited.

Small scale industrial sector plays significant role in the economic development of the country. But at the same time, assessment of potentials, measurement of prospects and identification of problems are the fundamental issues that an industry faces whether big or small. As a matter of fact, possessing high potential, foreseeing bright market prospects and facing minimum problems are the clear indicators of sound industrial growth and healthy environmental condition. It is because of the fact that while potentials reveal the strengths and vigour an industry possesses, prospects portray the picture of sound absorption capacity of the markets which act as a vital motivating force to produce more and more. On the other hand, problems are expressed in terms of weaknesses, threats and challenges which act as stumbling blocks in the way of better industrial performance. It may be possible that industry has enormous potentials and its products have prosperous markets – both domestic and foreign, but if the industry is shrouded in problems, threats and challenges, it would be quite difficult to grow and

diversify. The small-scale industries have been in a mixed condition. The small scale industrial sector of Latur is also witnessing the same. Undoubtedly, the small-scale industries particularly in Latur have high potentials and good market prospects, but they have also a host of intractable problems which hamper their proper growth and prosperity. In order to identify the problems and prospects of this region, this study is planned for.

Concept of small scale industry

Defining small-scale industry is a difficult task because the definition of small-scale industry varies from country to country and from one time to the another in the same country depending upon the pattern and stage of development, government policy and administrative set up of the particular country. Every country has set its own parameters in defining small-scale sector. Generally, small-scale sector is defined in terms of investment ceilings on the original value of the installed plant and machinery. But in the earlier times the definition was based on employment. In the Indian context, the parameters are as follows.

The Fiscal Commission, Government of India, New Delhi, 1950, for the first time defined a small-scale industry as, “one which is operated mainly with hired labour usually 10 to 50 hands.”

The Small Scale Industries Board in 1955 defined, "Small-scale industry as a unit employing less than 50 employees if using power and less than 100 employees if not using power and with a capital asset not exceeding Rs. 5 lakhs".

Again the new Industrial Policy in 1991, raised the investment ceilings in plant an machinery to Rs. 60 lakhs for small-scale units and Rs. 75 lakhs for ancillary units.

The new Policy Initiatives in 1999-2000 defined small-scale industry as a unit engage in manufacturing, repairing, processing and preservation of goods having **investment in** plant and machinery at an original cost not exceeding Rs. 100 lakhs.

Brief history of Bidar District

1.1 Location & Geographical Area.

The Bidar district is the northern most part of the Karnataka state with geographical area of 5460 sq.km. It lies between 17°35' and 18°29' North latitude and 76°41' to 77°39' East longitude. It is bounded by Nizamabad and Medak districts of Andhra Pradesh state on the eastern side, Latur and Osmanabad districts of Maharastra state on the western side, Nanded district of Maharastra state on the northern side and Gulbarga district on southern side.

1.2 Topography

The entire district forms a part of the Deccan Plateau lava. The northern part of the district is characterized by expanses of level and treeless surface punctuated here and there by flat and undulating hillocks, black soils and basaltic rocks. The southern half of the district is a high plateau about 715 m above mean sea level and are well drained. The average elevation of the district is between 580 to 610 m above mean sea level. Alluvial deposit is normally found along the banks of the Manjra river and its main tributaries. and is made up mostly of solidified

1.2 Availability of Minerals.

The minerals found in the area are Bauxite, Kaolin and Red ochre. A deposit of highly siliceous bauxite clay has been located about three kilometers south of Basavakalyan. Similar deposits are noticed near Alwal and Kamthana Villages of Bidar taluk. A large deposit of Kaolin is located near Kamthana village. Red ochre deposits are found near Sirsi and Aurad Village.

II. Need of the study

India has embarked on ushering the much cherished Socialistic pattern of Society for the benefits of the millions of poor and down-trodden. Mahatma Gandhi was of the view that real socialism lay in the development of Small Scale Technology, Small Scale Enterprise, Workshops and Small Factories serving the Community. Such technology is more appropriate tool to benefit the poor. Small Industry involves humanisation of work process. It emphasises on identification of what people are doing and help them do better

SSI sector contributes in a large measure to the growth of the economy in as much as they contribute to the employment generation, entrepreneurship development, export promotion, etc which hold the key for the industrial prosperity of the nation. Development of the Industrial Sector is therefore a crucial need in any country especially in a developing country like India

The present study is integrated and comprehensive study on Small scale industries in Latur district projecting its detailed picture. This may help to enlighten the pathways to action and give broad indication for different policy options. The present study is an attempt to discover the factors that accounts for its Vitality, strength and weakness.

III. Statement of the problem

The present study is an attempt to analyse the functioning of the small scale industry & assessing the problems suffered by the industry in Latur district in particular. The study is expected to reveal the deficiencies, and enable to suggest appropriate measures for the problems of the industry, and there by serve the interest of investors, traders & consumers more effectively.

IV. Review of literature

T.K. Lakshman(1970), in his study makes a pioneering empirical investigation into the nature, scope and problems of cottage and small industries. The issues like equipment obsolescence, capacity utilisation, productivity, raw materials supply, marketing and problems of finance have been discussed in more detail.

Vasant Desai (1983) critically examines the problems and prospects of small scale industries in India, paying particular attention to sickness in SSI.

Ramesh. P. Sinhan(1985) in his work studies the problems of small scale industries in and around the city of Patna. He also focuses his attention on the patterns of assistance provided by the Government for the growth of small-scale enterprises.

Ramkrishna Sharma(1982) makes his first study on the SSI sector in Andra Pradesh based on the census data. He probes into the root of the problem of sickness and

mortality in the SSI sector and examines the implications of latest policies of the Govt. towards this sector.

Ramakrishnan (2008) studied 94 small-scale new (emerged after 2005) units in 11 modern industries in Delhi city. He divided the units into three categories as those, which succeeded in the industry, those that dropped out after production began and those, which failed to commence production itself. He considered social status and occupational background of the entrepreneurs' families as some of the determinants of this mobility.

The number of sample studies shown above by the researcher only represent the studies conducted either on the programme of IEs or on the problems of small scale industries. Hence, the present study carried out by the researcher is the revolutionary one, since it focuses its attention on the study of problems of small scale industries in the Latur district. The study has brought to light many interesting problems and provided an empirical basis for offering specific suggestions for all SSIs.

V. Research objectives of the study

The proposed objectives of the study are as follows

i. To evaluate the present status and growth of SSI in Bidar

ii. To examine the socio-economic conditions of SSI in Bidar

iii. To identify the financial, personnel and marketing problems of SSI in Bidar

iv. To analyse the prospects of SSI in Bidar

v. To recommend suitable suggestions in light of the findings

VI. Methodology

i. **Data sources**: the data for the present study will be collected from both primary and secondary sources. A self administered questionnaire will be prepared for collecting primary data. Secondary data will also be collected from various sources such as books, published journals, and websites etc.,

ii. **Scope of the study:** The study will be confined to Bidar District of Karnataka state.

iii. **Sample Design**

a. **Population of the study:** the aggregate of all the small scale industries operating in Bidar District will be the population of the study.

b. **Sample size:** an appropriate number sample will be taken up for the study, which will be calculated based on KREJCIE and MORGAN sample determination method.

c. **Sampling method:** the determined number of samples will be collected through simple random sampling method.

iv. **Tools to be used for analyzing data:** the data collected from various source will be analysed employing appropriate statistical tools such as averages, t-test, chi-square test, etc.

VII. Chapter scheme

The present study will be presented in seven chapters in detail as below.

I. Introduction

i. History of Bidar District.

ii. Background of the Small Scale Industries.

iii. Population and Demography.

II. Literature review

This chapter will be contends all review of literature which are referred during the research.

III. An overview small scale industries

i. Overall Introduction of Small Scale Industries.

ii. Scope of Small Scale Industries.

iii. Review of Small Scale Industries.

IV. Small scale industries profile of Bidar district

i. Growth of Small Scale Industries in Bidar District.

ii. Current status of Small Scale Industries in Bidar District**.**

V. Problems of Small scale industries

This chapter will explain about Problems of Small Scale Industries in Bidar District.

VI. Prospects of Small scale industries

This chapter will explain about prospects of Small Scale Industries in research Area. It will explain the current future of Small Scale Industries in specially reference of Bidar Districts.

VII. Summary of findings, conclusion and suggestion

This chapter explain about findings, conclusion, and suggestion of Small Scale Industries.

The above chapter scheme is tentative. Depending on the actual research work it may change in the course of the study.

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